
State:	District of Columbia	Filing Company:	Clear Blue Insurance Company
TOI/Sub-TOI:	24.0 Surety/24.0000 Surety		
Product Name:	Contract and Commercial Surety Program		
Project Name/Number:	New Program/CLBIC-SU-DC-1601R		

Filing at a Glance

Company:	Clear Blue Insurance Company
Product Name:	Contract and Commercial Surety Program
State:	District of Columbia
TOI:	24.0 Surety
Sub-TOI:	24.0000 Surety
Filing Type:	Rate/Rule
Date Submitted:	11/11/2016
SERFF Tr Num:	PERR-130796885
SERFF Status:	Submitted to State
State Tr Num:	
State Status:	
Co Tr Num:	CLBIC-SU-DC-1601R
Effective Date	On Approval
Requested (New):	
Effective Date	On Approval
Requested (Renewal):	
Author(s):	Sandra Sedano, Neresia Torres, Olga E. Garcia
Reviewer(s):	
Disposition Date:	
Disposition Status:	
Effective Date (New):	
Effective Date (Renewal):	

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General Information

Project Name: New Program	Status of Filing in Domicile: Pending
Project Number: CLBIC-SU-DC-1601R	Domicile Status Comments:
Reference Organization: N/A	Reference Number: N/A
Reference Title: N/A	Advisory Org. Circular: N/A
Filing Status Changed: 11/11/2016	
State Status Changed:	Deemer Date:
Created By: Olga E. Garcia	Submitted By: Ines Piquet
Corresponding Filing Tracking Number: N/A	

Filing Description:

On behalf of Clear Blue Insurance Company ("The Company"), we are submitting this filing to introduce its new Contract and Commercial Surety Program filed under the Surety line of business.

The Contract and Commercial Surety Rating Plan will provide coverage for two broad categories of bonds – contractors, sub-contractors and construction contract bonds and commercial surety bonds. This rating plan considers an account's overall credit risk, the experience and financial strength of the risk, the account's reinsurance structure and costs, scope of operations, the principal's underlying bond obligations, and other risk criteria to generate tailored, fair rates.

Please see Filing Memorandum for complete details.

The Company respectfully requests that the proposed rates and rules be implemented for all policies effective on the earliest possible date of acknowledgment or approval.

Enclosed is authorization for Perr&Knight to submit this filing on behalf of the Company. All correspondence related to this filing should be directed to Perr&Knight. If there are any requests for additional information related to items prepared in this filing, we will forward the request immediately to the Company contact. We will submit the Company's response to your attention as soon as we receive it.

Please do not hesitate to contact us with any questions or comments.

Company and Contact

Filing Contact Information

Olga E. Garcia, Filing Analyst	ogarcia@perrknight.com
401 Wilshire Blvd Suite 300	310-889-0965 [Phone]
Santa Monica, CA 90401	

Filing Company Information

(This filing was made by a third party - perrandknightactuaryconsultants)

Clear Blue Insurance Company	CoCode: 28860	State of Domicile: Illinois
225 W Washington St	Group Code: 4850	Company Type:
Suite 1300	Group Name: Clear Blue Financial	State ID Number:
Chicago, IL 60602	Grp	
(925) 275-1177 ext. [Phone]	FEIN Number: 76-0227154	

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Filing Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

SERFF Tracking #:	PERR-130796885	State Tracking #:		Company Tracking #:	CLBIC-SU-DC-1601R
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Rate Information

Rate data applies to filing.

Filing Method:	File and Use
Rate Change Type:	Neutral
Overall Percentage of Last Rate Revision:	%
Effective Date of Last Rate Revision:	
Filing Method of Last Filing:	

Company Rate Information							
Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Clear Blue Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

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Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		Contract & Commercial Surety Rate Manual	pages 1-33; Edition 11/2016	New		Clear Blue CW Surety Manual (Ranged 2016-11).pdf

Clear Blue Insurance Company

Contract & Commercial Surety

Rate Manual

Countrywide

**Clear Blue Insurance Company
Contract and Commercial Surety Bonds
Independent Rates/Rules**

I. CONTRACT BONDS

A. General Rules

1. Applicability of Rates

Unless otherwise stated, all rates given in the Contract Bond Section are applicable to Federal, Public and Private Contracts.

2. Construction Contracts

Construction contracts are generally those where the work contracted forms part of, becomes real property or becomes attached to the real property, when the contract in question is completed.

3. Contract Price

The contract price on which premium is computed means the whole sum of money or other reimbursement which has passed from the owner to the contractor when final settlement between the two has been made (excluding any bonus for "time," and not deducting any penalty for "time"), or the entire dollar value of work for which the contractor is responsible, whichever is higher. If this sum is different from the original estimate, premium must be adjusted accordingly, either by refund of part of the original premium by the surety if the original estimate was larger than the actual contract price; or by payment of additional premium by the contractor if the original estimate was smaller than the actual contract price.

4. Final Premium Determination

- a. Where the actual contract price as determined by final settlement exceeds the original estimate, additional premium is computed on the excess.
- b. When premium is computed on the contract price "Department Charges" and "Fixed Charges" should be included.

5. Contracts Susceptible to Two Classifications

If a contract is susceptible to two classifications, which take different rates, the higher rate applies.

6. Minimum Premium

The Minimum Premium (fully earned) for all Contract Bonds is \$200.00.

7. Original Premium Earned

Unless otherwise specifically stated, the original premium on all Bonds is fully earned, but renewal premiums are adjusted pro rata for short term cancellation provisions. All minimums are fully earned.

8. Premium Payable in Advance

Premiums for all Bonds are payable in advance (from the date of bond) whether work begins immediately or not.

9. Simultaneous or Combination Bids

Where bids are taken simultaneously and where the invitation to bid permits the contractor to bid on any one section, schedule, item or part of a project or combination of sections, schedules or items or parts thereof, or on all sections, schedule, item or part of the project, or where bids are taken simultaneously and the sections, item, etc. are contiguous, the rate charged is based on the total amount of contracts awarded to any one contractor.

10. Renewal Premium

In all cases where a renewal premium is computed on the amount of unfinished contract, take the Architect's or Engineer's estimates on which payment to the Contractor is made at the latest date next preceding the date of annual renewal. These estimates will adjust the amount of unfinished contract for the purpose of computing renewal premiums.

11. Separate Contracts

If a general contractor undertakes the erection of a building or the construction of any other Class B improvement, that classification and rate applies to the entire work and the classification and rate is not changed by dividing the work into separate contracts, nor is the classification and rate changed by the fact that any part or all of the materials are furnished to the contractor by the owner or others than the contractor.

12. Subcontracts

Subcontractors bonds for mechanical or other work take regular manual rates according to class of work, contract price, and stipulated time to complete the project involved under the subcontract.

13. Supply Contracts Defined

Supply contract bonds are generally those for supplies, materials, or services, which do not become part of the realty, or attached thereto, until after the contract in question is completed.

14. Multi-Year Procurement Contracts

Multi-year Procurement Contract awards under the Service Contract Act of 1965 (O'Hara-McNamara Act) or other similar laws, involving terms of more than one year and not rated according to the manual on an annual premium basis, are subject to additional term premiums or premiums for the stated term of years for the second or subsequent performance years on the same basis as would be a new contract for the same work.

15. Payment Bonds

When a Performance Bond is written, a Payment Bond may be obtained at no additional charge unless the manual provides otherwise.

B. Rules for Class B, A, and A-1 Construction Contracts

Within this rate manual, mainstream construction contracts are divided into three classes: B, A, and A-1. Detailed descriptions of these classes are provided in later pages.

Contract Surety Bond rates for Class B, A, and A-1 construction contracts are divided into twelve rate categories. Qualification for each of these rate categories is a function of the number of basic surety evaluation elements that have been demonstrated to the Company along with the analyzed net worth of the principal and indemnitors.

Class B, A, and A-1 Contract Surety Bond Rate Category Evaluation Elements

The Class B, A, and A-1 Contract Surety Bond Rate Category Evaluation elements are as follows:

1. Experience of the principal to be a minimum of three years.
2. Scope of financial statement presentation to be consistent with AICPA Guidelines for construction accounting.
3. Analyzed working capital position and analyzed net worth supports requested work program.
4. Credit history to demonstrate timely payment of debts.
5. Operations to reflect a history of profitability.
6. Bond form, contract and/or liability under statute to be consistent with forms issued by American Institute Architects.
7. Scope of contracted backlog of work on hand is consistent with principal's history of experience.
8. Type of work to be bonded is consistent with principal's history of experience.
9. Scope of indemnification to include all owners, spouses and active affiliates.
10. Growth of revenue supported by growth of analyzed working capital and analyzed net worth.
11. Established bank line of credit.
12. Estimated yearly bond premium of at least \$10,000.
13. Analyzed Debt to determine Worth ratio below 3:1.
14. Ability to produce interim financial statements and work on hand schedules consistent with construction accounting guidelines.
15. Acceptable continuity plan.

16. Financial position of indemnitors adds significant financial strength and liquidity.
17. Collateral provided to support the requested program.

Net Worth Schedule

The net worth schedule reflects the different layers of the analyzed net worth of principals and indemnitors on a particular bond account as determined by the underwriter.

The net worth schedule is as follows:

Less than 0
0 - \$250,000
\$250,001 - \$500,000
\$500,001 - \$1,000,000
\$1,000,001 - \$5,000,000
\$5,000,001 - \$10,000,000
\$10,000,001 +

Class B, A, and A-1 Contract Surety Bond Rate Qualifications Criteria

The contract surety bonds rate qualifications criteria for each rate category are as follows:

Category I requires demonstration of three of seventeen of the evaluation elements.

Category II requires demonstration of five of seventeen of the evaluation elements.

Category III requires demonstration of six of seventeen of the evaluation elements.

Category IV requires demonstration of seven of seventeen of the evaluation elements.

Category V requires demonstration of eight of seventeen of the evaluation elements.

Category VI requires a minimum analyzed net worth of \$250,000 and a demonstration of ten of seventeen of the evaluation elements.

Category VII requires a minimum analyzed net worth of \$500,000 and a demonstration of twelve of seventeen of the evaluation elements.

Category VIII requires a minimum analyzed net worth of \$500,000 and a demonstration of fourteen of seventeen of the evaluation elements.

Category IX requires a minimum analyzed net worth of \$1,000,000 and a demonstration of fourteen of seventeen of the evaluation elements.

Category X requires a minimum analyzed net worth of \$5,000,000 and a demonstration of fourteen of seventeen of the evaluation elements.

Category XI requires a minimum analyzed net worth of \$10,000,000 and a demonstration of fourteen of seventeen of the evaluation elements.

Category XII requires a minimum analyzed net worth of \$25,000,000 and a demonstration of fourteen of seventeen of the evaluation elements.

Class B Construction Contract Surety Bonds

Contracts of this description include generally those involving architectural building construction, related sub-trades, most engineering construction, concrete and excavation work and work performed underground or in or under water, except where specifically rated elsewhere in the manual.

Class B Rate Schedule

Rates are in \$/\$1,000 of contract price

Class B	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat VII	Cat VIII	Cat IX	Cat X	Cat XI	Cat XII
First \$100k	24.0 - 36.0	20.0 - 30.0	20.0 - 30.0	20.0 - 30.0	20.0 - 30.0	11.5 - 17.3	9.6 - 14.4	7.7 - 11.5	6.2 - 9.2	5.0 - 7.4	4.0 - 6.0	2.8 - 4.2
Next \$400k	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	16.0 - 24.0	12.0 - 18.0	11.5 - 17.3	9.6 - 14.4	7.7 - 11.5	6.2 - 9.2	5.0 - 7.4	4.0 - 6.0	2.8 - 4.2
Next \$2M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	7.0 - 10.4	5.6 - 8.4	4.5 - 6.7	3.6 - 5.4	2.9 - 4.3	2.6 - 3.9	2.4 - 3.6
Next \$2.5M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	8.0 - 12.0	6.0 - 9.0	5.5 - 8.3	4.4 - 6.6	3.5 - 5.3	2.8 - 4.2	2.6 - 3.9	2.4 - 3.6	2.4 - 3.6
Next \$2.5M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	8.0 - 12.0	5.6 - 8.4	5.0 - 7.6	4.0 - 6.0	3.2 - 4.8	2.8 - 4.2	2.6 - 3.9	2.4 - 3.6	2.4 - 3.6
Over \$7.5M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	8.0 - 12.0	5.2 - 7.8	4.6 - 6.9	3.7 - 5.5	3.0 - 4.4	2.8 - 4.2	2.6 - 3.9	2.4 - 3.6	2.4 - 3.6

Subject to a maximum of 7% of the penalty on the bond.

Where time for completion as stipulated in the contract is over 12 months or 366 calendar days, the contract premium is increased 1% per month for each month over 12 months (disregarding a fraction of a month).

For Payment Bonds only - apply miscellaneous bond rates.

Unless otherwise stated, the rates shown in the Class B Rate Schedule above apply to contracts such as the following:

Airport Buildings	Foundations
Air Conditioning Systems	Fountains
Aqueducts	Garbage Disposal Plants
Atomic Energy Plants (Complete)	Gasoline Cracking Plants
Buildings (unclassified) of all kinds including erection or repair	Gas Compressor Stations
Breakwaters	Gas Mains and Laterals running through city
Canals and Canal Lining	streets where contract includes trenching -
Carpentry	Construction Class B excluding trenching-
Coal Stripping	Construction Class A-
Commercial Buildings	Gas piping with or without fixtures
Concrete work not otherwise rated	Golf Courses
Dams (all)	Grain Elevators
Dikes, Levees & Revetments Ditches, including drainage	Gunite Contracts
Docks and Dry docks	Heating Systems
Drilling Contracts	Hospital Clinic and Rest Home Buildings
Educational Buildings	Incinerators
Electrical wiring, furnishing and installing with or without fixtures or devices	Industrial Buildings and Plants
Embankments	Landscaping
Excavations	Locks
Filling Stations (including Bulk Stations) Filtering Plants	Masonry
	Missile Installations
	Nuclear Reactors
	Offsite Buildings
	Off-shore platforms and towers
	Painting
	Piers

Piling
 Pipelines for water, built of cast iron,
 steel, wood, etc.
 Plastering
 Plumbing in new or old buildings
 Power Plants with or without
 distribution systems
 Public Improvements
 Roadbeds for Railroads
 Sand Blasting
 Sculptures
 Sea Walls
 Sewage Disposal Plants
 Sewers and Septic Tanks
 Shipyards

Spoilways
 Stone, cut or dressed - furnishing and setting
 Subways
 Swimming Pools
 Terminals for Bus Companies or others
 Test Boring
 Tile & Terrazzo
 Transmission or Distribution Lines
 (Electrical or Telephone)
 Tunnels
 Underwater Cables
 Ventilating Systems
 Water Works
 Wells
 Wharves

Class A Construction Contract Surety Bonds

Contracts of this description include both general contracts and subcontracts of generally less difficult nature than are included within Class B. Included in this description is most earthmoving work of a non-excavation nature, as well as glazing contracts except where specifically rated elsewhere in this manual.

Class A Rate Schedule

Rates are in \$/\$1,000 of contract price

Class A	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat VII	Cat VIII	Cat IX	Cat X	Cat XI	Cat XII
First \$100k	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	12.0 - 18.0	8.0 - 12.0	7.2 - 10.8	5.6 - 8.4	4.0 - 6.0	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2
Next \$400k	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	8.0 - 12.0	7.2 - 10.8	5.6 - 8.4	4.0 - 6.0	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2
Next \$2M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	5.6 - 8.4	4.8 - 7.2	4.0 - 6.0	3.6 - 5.4	3.6 - 5.4	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2
Next \$2.5M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	4.4 - 6.6	4.0 - 6.0	4.0 - 6.0	3.6 - 5.4	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2
Next \$2.5M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	4.0 - 6.0	3.6 - 5.4	3.6 - 5.4	3.2 - 4.8	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2
Over \$7.5M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	3.6 - 5.4	3.2 - 4.8	3.2 - 4.8	3.0 - 4.4	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2

Subject to a maximum of 7% of the penalty on the bond.

Where time for completion as stipulated in the contract is over 12 months or 366 calendar days, the contract premium is increased 1% per month for each month over 12 months (disregarding a fraction of a month).

For Payment Bonds only - apply miscellaneous bond rates.

Unless otherwise stated, the rates shown in the Class A Rate Schedule above apply to contracts for furnishing and installing, or installing only, certain services or equipment such as the following:

Airports -grading, cleaning, drainage, preparation,
 leveling or surfacing of sites
 Airports - runways
 Aluminum Siding
 Athletic Fields
 Beacon or Flood Lights
 Burial Contracts
 Ceilings - Metal or Acoustical tile

Coal Storage
 Construction forms
 Curbing and Guttering
 Curtain Walls (not structural)
 Ducts, underground - for power, light or telephone
 Elevators (passenger or freight) and Escalators
 Filling up abandoned coal mines

Glazing	Research Contracts
Granite - See Stone	River Bank Protection
Greenhouses	Road Medians
High Pressure Power Piping	Roofing
Janitor Service	Ski Lifts
Machinery made to special order or design of purchaser and not catalogued as part of seller's stock designs or products	Sprinkler Systems
Map Making	Stone, Marble or Granite (other than crushed stone) furnishing and delivering only, cut or dressed stone. Contracts for furnishing and setting cut or dressed stone or setting only for building or other structures or improvements are classified as Construction Class B
Marble - See Stone	Storage Tanks, Metal, (Gasoline or Oil)
Mill Work	Tennis Courts
Murals	Water Carriage of Freight
Parking Area	Water Proofing (not including Gunite Contracts - See Class B)
Planting and Cultivation of Land	Wind Tunnels
Playgrounds and Parks	

Class A-1 Construction Contract Surety Bonds

Contracts of this description include those generally less difficult than "B" or "A" of the construction classification and contracts for the furnishing and installing, or installing only, or providing of various services and equipment. Covered in this description are most scientific, technical, data processing contracts and contracts that provide for the furnishing of personnel and/or facilities, to perform some type of work or labor except where specifically rated elsewhere in the manual.

Class A-1 Rate Schedule

Rates are in \$/\$1,000 of contract price

Class A-1	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat VII	Cat VIII	Cat IX	Cat X	Cat XI	Cat XII
First \$100k	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	7.5 - 11.3	5.6 - 8.4	4.0 - 6.0	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2
Next \$400k	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	5.8 - 8.6	5.6 - 8.4	4.0 - 6.0	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2
Next \$2M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	4.8 - 7.2	4.4 - 6.6	4.0 - 6.0	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2
Next \$2.5M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	4.0 - 6.0	3.6 - 5.4	3.2 - 4.8	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2
Next \$2.5M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	3.6 - 5.4	3.2 - 4.8	3.2 - 4.8	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2
Over \$7.5M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	3.2 - 4.8	3.0 - 4.5	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2

Subject to a maximum of 7% of the penalty on the bond.

Where time for completion as stipulated in the contract is over 12 months or 366 calendar days, the contract premium is increased 1% per month for each month over 12 months (disregarding a fraction of a month).

For Payment Bonds only - apply miscellaneous bond rates.

Unless otherwise stated, the rates shown in the Class A-1 Rate Schedule above apply to contracts such as the following:

Boiler Retubing and Repair	Signal Systems on Railroads
Coal Handling Machinery	Signs (all)
Conveyors	Street and Subway Lighting System
Computers and Data Processing Equipment	Temporary Personnel Services
Data Processing and Computer Work	Thermostat Equipment
Doors - all types	Toll Gates
Exterminating Contracts	Traffic Control Systems on Highways
Fire Alarm Systems	Tree Trimming and Removal
Fire Escapes	Water Towers
Floors -Asphalt Tile, Cork or Rubber Tile, Parquet, Wood or Wood Block	Weather Stripping
Furnishing Food Services	Weed Mowing
Gas Tanks Guard	Window Cleaning
Rails Insulation	
Contracts Kitchen	
Equipment	
Laboratory Equipment and Apparatus	
Lightning Rods	
Mail Handling Machinery	
Metal Windows and Shutters	
Mosquito Control Contracts	
Office Personnel	
Ornamental Iron Work	
Parking Meters	
Pipelines for Oil and Gas	
Police Alarm Systems	
Public Address and Music Systems	
Radio Towers	
Rip Rap Stone (furnishing only)	
Scaffolding	
Sidewalks	

C. Supply Contract Bonds**Supply Contract Bonds Basic Rate Table**

Supply	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat VII	Cat VIII	Cat IX	Cat X	Cat XI	Cat XII
First \$100k	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	7.5 - 11.3	5.6 - 8.4	4.0 - 6.0	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2
Next \$400k	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	5.8 - 8.6	5.6 - 8.4	4.0 - 6.0	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2
Next \$2M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	4.8 - 7.2	4.4 - 6.6	4.0 - 6.0	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2
Next \$2.5M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	4.0 - 6.0	3.6 - 5.4	3.2 - 4.8	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2
Next \$2.5M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	3.6 - 5.4	3.2 - 4.8	3.2 - 4.8	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2
Over \$7.5M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	3.2 - 4.8	3.0 - 4.5	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2

Subject to a maximum of 7% of the penalty on the bond.

Supplemental Rate Table

Where time for completion as stipulated in contract is over 12 months or 366 calendar days:

Compute basic premium at above rates and increase this computation by 1% per month for each month over 12 months (disregarding a fraction of a month).

1. Unit Price Contract

If contract is let on a unit basis, and contract price or total compensation cannot be determined, the maximum premium will be charged in advance on penalty of bond, to be adjusted at the above rates upon completion of contract.

2. Continuous Production Contract

Where a single contract is awarded for continuous production of materials, the maximum premium will be charged in advance on penalty of bond, to be adjusted annually at the above rates.

3. Cost Plus a Fixed Fee Contracts

Apply rates as given above for Fixed Price Contracts substituting, "cost to owner excluding contractor's fee" for "contract price" and discount final premium 20%.

4. Annual Supply Bonds

- a. Where bond covers all contracts awarded during fiscal or calendar year (whether bond runs to its anniversary or close to fiscal year), the charge will be 3% in advance on penalty of bond.
- b. For annual bonds in effect less than six months and under which no contracts have been awarded, one half the premium is earned. For bonds in effect six months or more, annual premium is fully earned.

Supply Contracts - For supplies of all kinds

For the following contracts, apply the rates shown in the Supply Contract Bonds Basic Rate Table above. Applicable to contracts for furnishing or installing engines, spare parts or equipment for Vessels or Aircraft.

For Aircraft or Shipbuilding Construction see miscellaneous bond rates.

Ammunition	Laundry Machinery
Apparatus in public or private offices, stores and schools, colleges, or churches, hospitals, hotels, libraries, museums, theaters, exhibitions, clinics, etc.	Linoleum, Carpets, Rugs - furnishing or laying
Armament	Lockers
Armor Plate	Machinery, however massive, if built, completed, and for sale at factory or premises of the seller
Asbestos Pipe Covering	Munitions
Automobiles, trucks or parts	Office Furniture
Awnings	Oil and Oil Burners
Blackboards and Bulletin Boards	Partitions
Boilers	Paving Blocks
Cabinets	Pipe, concrete, clay or iron
Clocks and Master Clocks	(furnishing only - not including laying or setting)
Coal	Pipe Covering, asbestos
Concrete or Cement (mixed) furnishing and delivering	Pipe Organs
Curtains, draperies or scenery	Placing Fire or other Insurance
Electric Current - Sale of	Printing Presses
Electric Fixtures (where electrical wiring or conduits is not included in contract)	Pumps
Engines	Safe Deposit Vaults or Safes
Filing Cases	Showcases and counters
Fire Engines or Fire Hose	Steam, Sale of
Fuel	Stone, crushed,
Furniture	(See footnote *)
Headstones and Mortuary – Monuments of stock design	Track material, railroad ties, plates, pads and ballast
Jail Cells (not including erection of jail buildings or walls)	Uniforms
Laboratory Animals	Venetian Blinds
	Water Softener
	Window Screens or shades

*Crushed stone, (other than dressed or quarried stone of specified dimensions and weight - see Class A rates), stone screenings, chats, sand or gravel - for contracts of purchase and sale only, not including any building operation, labor, construction, or laying, apply Supply rate except if performance is undertaken by a contractor procuring his materials from a quarry, sand or gravel pit, opened at the roadside or along the site of the project, and where the operation of that particular quarry, sand or gravel pit is for a specific job. For bonds guaranteeing performance of such contracts, charge Class A Rate.

D. Maintenance Guarantees

1. General Provisions

- a. Premium for the entire maintenance period should be collected in advance when the performance bond is given.

- b. Maintenance guarantees not exceeding over twelve months after completion of performance whether separate bond is required or not does not incur any additional charge over the performance premium.
- c. Maintenance guarantees extending over twelve months after completion of performance whether separate bond is required or not incurs additional charge over the performance premium except, however, that no additional charge shall be made for the first twelve months maintenance guarantee, i.e., if the maintenance guarantee period is five years, give the first twelve months maintenance without charge and compute premium at regular manual rates for a maintenance period of four years.
- d. On construction or supply contracts where corporate surety has been furnished for the performance bond, if the contract provides that ten percent or more of the contract price shall be retained by the owner for the entire period of maintenance the premium rate for maintenance is reduced one-half.
- e. The rate given herein for maintenance bonds are predicated on the limitation of such guarantees to “defective materials or workmanship” only.
- f. Maintenance guarantees which cover “efficient or successful operation” (or any other obligation of like intent or purpose beyond the normal guarantee against defective materials or workmanship) increase manual rates and minimums for maintenance 100%, including the first twelve months thereof.

2. Performance and Maintenance

Charge the applicable performance premium plus the maintenance premium.

3. Maintenance Rates Where Corporate Surety Performance Bond is Required

Maintenance	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat VII	Cat VIII	Cat IX	Cat X	Cat XI	Cat XII
First \$100k	12.0 - 18.0	9.6 - 14.4	8.0 - 12.0	6.4 - 9.6	4.0 - 6.0	2.0 - 3.0	2.0 - 3.0	2.0 - 3.0	2.0 - 3.0	0.8 - 1.2	0.8 - 1.2	0.4 - 0.6
Next \$400k	12.0 - 18.0	9.6 - 14.4	8.0 - 12.0	6.4 - 9.6	4.0 - 6.0	2.0 - 3.0	2.0 - 3.0	2.0 - 3.0	2.0 - 3.0	0.8 - 1.2	0.8 - 1.2	0.4 - 0.6
Next \$2M	12.0 - 18.0	9.6 - 14.4	8.0 - 12.0	6.4 - 9.6	4.0 - 6.0	2.0 - 3.0	2.0 - 3.0	2.0 - 3.0	2.0 - 3.0	0.8 - 1.2	0.8 - 1.2	0.4 - 0.6
Next \$2.5M	12.0 - 18.0	9.6 - 14.4	8.0 - 12.0	6.4 - 9.6	4.0 - 6.0	2.0 - 3.0	2.0 - 3.0	2.0 - 3.0	2.0 - 3.0	0.8 - 1.2	0.8 - 1.2	0.4 - 0.6
Next \$2.5M	12.0 - 18.0	9.6 - 14.4	8.0 - 12.0	6.4 - 9.6	4.0 - 6.0	2.0 - 3.0	2.0 - 3.0	2.0 - 3.0	2.0 - 3.0	0.8 - 1.2	0.8 - 1.2	0.4 - 0.6
Over \$7.5M	12.0 - 18.0	9.6 - 14.4	8.0 - 12.0	6.4 - 9.6	4.0 - 6.0	2.0 - 3.0	2.0 - 3.0	2.0 - 3.0	2.0 - 3.0	0.8 - 1.2	0.8 - 1.2	0.4 - 0.6

Subject to a maximum of 7% of the penalty on the bond.

- a. On Roads, Highways, Street Paving - see miscellaneous bond rates.
- b. On Shoring-Up contracts - see miscellaneous bond rates.
- c. On Supply Contracts: Charge 50% of above rates.

4. Maintenance Rates Where No Corporate Surety Performance Bond Is or Has Been Required

Charge 75% of the rates for Miscellaneous Contracts on the bond penalty per annum. Supplemental Rate Table does not apply; not to exceed premium for performance and maintenance for the same term.

E. Bid or Proposal Bonds**1. General Rules**

- a. Where at or before the receipt of opening of proposals sureties or their agents consent by letter or otherwise, to become surety upon the contract if same is awarded, such consent or letter constitutes a bid or proposal bond on which the regular premium for bid bonds should be collected.
- b. Letters or consents to become sureties are classified as bid bonds, even when the proposal is accompanied by certified check. Regular premium for bid bonds should be collected.
- c. Regular premium should be charged for each successive bid bond notwithstanding it may be for the same project on which bids have been received and previously rejected.
- d. If contract is awarded on such bid, premium shall be computed at the regular rate for such contract bond and the charge on bid bond shall be applied thereto.
- e. All bid or proposal bonds should be charged for at the following rates, and premium thereon is fully earned by submission of the bid or proposal whether successful or not.
- f. Where owner requires a bid bond, and an award is made without requiring a final bond, the successful bidder shall be charged a premium for the appropriate class of contracts on the penalty of the bid bond. Credit this premium with the bid bond premium.
- g. Where owner requires only a consent letter as in sub-paragraph (a.) above, and an award is made without requiring a final bond, the successful bidder shall be charged a premium of \$7.00 per M on 10% of contract price.

2. Supply Contracts

- a. Specific Bid or Proposal Bonds: \$80.00 to \$120.00 per bond.
- b. Annual Bid or Proposal Bonds: Bonds guaranteeing Bids or Proposals only, \$160.00 to \$240.00 per bond. No refund or adjustment.
- c. Annual Bid and Performance Bonds: Where Annual Bid Bond also acts as Performance Bond in event of award: Charge the class rate on the penalty of the bond. For annual bonds in effect less than six months and under which no contracts have been awarded; One-Half the premium is earned. For bonds in effect six months or more, annual premium is fully earned.
- d. Bid Bond Service Undertaking: \$160.00 to \$240.00 per Annual Bond; \$240.00 to \$360.00 per Continuous Bond.

3. Construction and Other Contracts

- a. Specific Bond or Proposal Bonds: \$80.00 to \$120.00 per bond.
- b. Bid Bond Service Undertaking: \$160.00 to \$240.00 per Annual Bond; \$240.00 to \$360.00 per Continuous Bond.

4. Completion Bonds and Bonds Covering Contracts Involving Financing and/or Design Hazards

- a. Completion bonds in favor of lenders or lessors guaranteeing completion of a building or improvement.
- b. Bonds given where contractor by reason of the terms of the contract is responsible for the financing and/or the design of the contract and the bond covers such hazards:

For Performance or Performance Plus Payment Bond(s):

Completion	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat VII	Cat VIII	Cat IX	Cat X	Cat XI	Cat XII
First \$100k	24.0 - 36.0	20.0 - 30.0	20.0 - 30.0	20.0 - 30.0	20.0 - 30.0	20.0 - 30.0	20.0 - 30.0	20.0 - 30.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0
Next \$400k	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	16.0 - 24.0	16.0 - 24.0	16.0 - 24.0	16.0 - 24.0	16.0 - 24.0	16.0 - 24.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0
Next \$2M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	16.0 - 24.0	16.0 - 24.0	12.0 - 18.0	12.0 - 18.0	12.0 - 18.0	12.0 - 18.0	12.0 - 18.0	12.0 - 18.0	8.0 - 12.0
Next \$2.5M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	12.0 - 18.0	8.0 - 12.0	8.0 - 12.0	8.0 - 12.0	8.0 - 12.0	8.0 - 12.0	8.0 - 12.0	8.0 - 12.0
Next \$2.5M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	12.0 - 18.0	8.0 - 12.0	8.0 - 12.0	8.0 - 12.0	8.0 - 12.0	8.0 - 12.0	8.0 - 12.0	8.0 - 12.0
Over \$7.5M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	12.0 - 18.0	8.0 - 12.0	8.0 - 12.0	8.0 - 12.0	8.0 - 12.0	8.0 - 12.0	8.0 - 12.0	8.0 - 12.0

Where time for completion of construction as stipulated in the contract is not over 12 months or 366 calendar days:

Maximum - \$100.00 per M on the aggregate penalty of Performance and Payment Bonds.

Where time for completion of construction as stipulated in the contract is over 12 months or 366 calendar days:

Compute basic premium at above rates and increase this computation by 1% per month for each month over 12 months (disregarding a fraction of a month).

5. Miscellaneous Contracts

For Performance or Performance Plus Payment Bond(s):

Basic Rate Table

Where time for completion as stipulated in the contract is not over 12 months or 366 calendar days:

Misc	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat VII	Cat VIII	Cat IX	Cat X	Cat XI	Cat XII
First \$100k	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	12.0 - 18.0	8.0 - 12.0	7.2 - 10.8	5.6 - 8.4	4.0 - 6.0	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2
Next \$400k	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	8.0 - 12.0	7.2 - 10.8	5.6 - 8.4	4.0 - 6.0	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2
Next \$2M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	5.6 - 8.4	4.8 - 7.2	4.0 - 6.0	3.6 - 5.4	3.6 - 5.4	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2
Next \$2.5M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	4.4 - 6.6	4.0 - 6.0	4.0 - 6.0	3.6 - 5.4	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2
Next \$2.5M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	4.0 - 6.0	3.6 - 5.4	3.6 - 5.4	3.2 - 4.8	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2
Over \$7.5M	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	3.6 - 5.4	3.2 - 4.8	3.2 - 4.8	3.0 - 4.4	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2	2.8 - 4.2

Maximum - \$70.00 per M on the aggregate penalty of Performance and Payment Bonds.

Supplemental Rate Table

Where time for completion as stipulated in the contract is over 12 months or 366 calendar days:

Compute basic premium at the rates shown in the Basic Rate Table above and increase this

computation by 1% per month for each month over 12 months (disregarding a fraction of a month).

6. Cost Plus Contracts

a. Applicability of Rates

The following rates apply either to general contracts or subcontracts, where no price limit is fixed either as a maximum upset price or otherwise, and where either performance or payment bonds or both are required, all rates being for the term. Where price limit is fixed either as maximum upset price or otherwise, apply rates for fixed price contracts of the type involved.

b. Cost-Plus Fixed-Fee Contracts

30% of the above rates for Miscellaneous Contracts on the cost to the owner, excluding contractor's fee.

c. Cost-Plus-A -Percentage Contracts

60% of the above rates for Miscellaneous Contracts on the cost to the owner, excluding contractor's fee.

II. COMMERCIAL SURETY BONDS

A. General Rules

1. Applicability of Rates

Unless otherwise stated, all rates given in the Commercial Surety Bond Section are applicable to Federal, Public and Private Bond requirements.

2. Contract Price

The basis on which premium is computed is the penal sum of the commercial surety bond.

3. Minimum Premium

Unless otherwise specifically stated the Minimum Premium (fully earned) for all Commercial Surety Bonds is \$100.00.

4. Original Premium Earned

Unless otherwise specifically stated, the original and renewal premium on all Commercial Surety Bonds is fully earned. All minimums are fully earned.

B. Rules for Commercial Surety Bonds

Within this rate manual, mainstream commercial surety bonds are divided into five classes:

1. Class A - Compliance Bonds

Those bonds that guarantee that the principal will comply with the obligee's statutory codes of quality.

2. Class B - Compliance Bonds with 3rd Party Liability, Financial Responsibility or Other Exposure Factor

Those bonds that guarantee that the principal will comply with obligee's statutory codes of quality and have a 3rd party liability, financial responsibility or other exposure factor.

3. Class C - Indemnity Bonds

Those bonds that guarantee that the principal will indemnify the obligee in the event of a default of the underlying agreement.

4. Class D - Indemnity Bonds with Third Party Liability, Financial Responsibility or Other Exposure Factor

Those bonds that guarantee that the principal will indemnify the obligee in the event of a default of the underlying agreement and contain a provision for 3rd party liability, financial responsibility or other exposure factor.

5. Class E - Fiduciary Bonds

Those bonds that guarantee the performance of the principal as a fiduciary as required by statute or in an action supervised under the jurisdiction of a court of law.

6. Class F - Court Bonds

Those bonds that guarantee the financial responsibilities of the principal in a proceeding required by statute or under the action of a court of law.

Commercial Surety Bond rates for Classes A, B, C, D, E and F are divided into several rate categories. Qualification for each of these rate categories is a function of the number of basic surety evaluation elements that have been demonstrated to the Company. Qualification for a rate category is also a function of the aggregate exposure for the surety.

Commercial Surety Bond Rate Category Evaluation Elements

The Class A, B, C, D, E and F Commercial Surety Bond Rate Category Evaluation elements are as follows:

1. Experience of the principal to be a minimum of three years.

2. Scope of financial statement presentation to be consistent with AICPA Guidelines.
3. Analyzed working capital position and analyzed net worth supports requested bond program.
4. Credit history to demonstrate timely payment of debts.
5. Operations to reflect a history of profitability.
6. Bond form and/or liability under statute to be consistent with forms recognized by the Surety Association of America.
7. Scope of operation is consistent with principal's history of experience.
8. Underlying Bonded obligation is consistent with principal's history of experience.
9. Scope of indemnification to include all owners, spouses and active affiliates.
10. Growth of revenue supported by growth of analyzed working capital and analyzed net worth.
11. Established bank line of credit.
12. Estimated yearly bond premium of at least \$10,000.
13. Analyzed Debt to analyzed Worth ratio below 3: 1 or consistent with industry standards.
14. Ability to produce interim financial statements consistent with industry accounting guidelines.
15. Acceptable continuity plan.
16. Financial position of indemnitors adds significant financial strength and liquidity.
17. Collateral provided to support the requested program.

Surety's Aggregate Exposure

The surety aggregate exposure represents the total penal sum on all commercial surety bonds.

Less Than \$25,000
\$25,001 -\$50,000
\$50,001 -\$100,000
Over \$100,001

Class A – Compliance Bonds
Where the Aggregate Surety Liability is \$25,000 or Less

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of one of seventeen of the commercial surety evaluation elements

Category II requires demonstration of two of seventeen of the commercial surety evaluation elements

Category III requires demonstration of three of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of four of seventeen of the commercial surety evaluation elements

Category V requires demonstration of five of seventeen of the commercial surety evaluation elements

Category standard applies if none of the seventeen of the commercial surety evaluation elements are met.

2. Base Rates

Compliance Bonds Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat Std.
	40.0 - 60.0	24.0 - 36.0	16.0 - 24.0	8.0 - 12.0	4.0 - 6.0	80.0 - 120.0

Class A -Compliance Bonds
Where the Aggregate Surety Liability between \$25,001 and \$50,000

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of two of seventeen of the commercial surety evaluation elements

Category II requires demonstration of three of seventeen of the commercial surety evaluation elements

Category III requires demonstration of four of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of five of seventeen of the commercial surety evaluation elements

Category V requires demonstration of six of seventeen of the commercial surety evaluation elements

Category standard applies if one of the seventeen of the commercial surety evaluation elements are met.

2. Base Rates

Compliance Bonds Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat Std.
	40.0 - 60.0	24.0 - 36.0	16.0 - 24.0	8.0 - 12.0	4.0 - 6.0	80.0 - 120.0

Class A - Compliance Bonds

Where the Aggregate Surety Liability between \$50,001 and \$100,000

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of four of seventeen of the commercial surety evaluation elements

Category II requires demonstration of five of seventeen of the commercial surety evaluation elements

Category III requires demonstration of six of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of seven of seventeen of the commercial surety evaluation elements

Category V requires demonstration of eight of seventeen of the commercial surety evaluation elements

Category standard applies if three of the seventeen of the commercial surety evaluation elements are met.

2. Base Rates

Compliance Bonds Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat Std.
	40.0 - 60.0	24.0 - 36.0	16.0 - 24.0	8.0 - 12.0	4.0 - 6.0	80.0 - 120.0

Class A - Compliance Bonds

Where the Aggregate Surety Liability over \$100,001

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of six of seventeen of the commercial surety evaluation elements

Category II requires demonstration of seven of seventeen of the commercial surety evaluation elements

Category III requires demonstration of eight of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of nine of seventeen of the commercial surety evaluation elements

Category V requires demonstration of ten of seventeen of the commercial surety evaluation elements

Category standard applies if five of the seventeen of the commercial surety evaluation elements are met.

2. Base Rates

Compliance Bonds Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat Std.
	40.0 - 60.0	24.0 - 36.0	16.0 - 24.0	8.0 - 12.0	4.0 - 6.0	80.0 - 120.0

**Class B – Compliance Bonds with Third Party Liability, Financial
Responsibility or other Exposure Factor
Where the Aggregate Surety Liability is \$25,000 or Less**

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of one of seventeen of the commercial surety evaluation elements

Category II requires demonstration of two of seventeen of the commercial surety evaluation elements

Category III requires demonstration of three of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of four of seventeen of the commercial surety evaluation elements

Category V requires demonstration of five of seventeen of the commercial surety evaluation elements

Category VI requires demonstration of six of seventeen of the commercial surety evaluation elements

Category standard applies if none of the seventeen of the commercial surety evaluation elements are met.

2. Base Rates

Compliance Bonds With 3rd Party Financial Responsibility, etc. Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat Std.
	40.0 - 60.0	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	80.0 - 120.0

**Class B -Compliance Bonds with Third Party Liability, Financial
Responsibility or Other Exposure Factor
Where the Aggregate Surety Liability between \$25,001 and \$50,000**

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of two of seventeen of the commercial surety evaluation elements

Category II requires demonstration of three of seventeen of the commercial surety evaluation elements

Category III requires demonstration of four of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of five of seventeen of the commercial surety evaluation elements

Category V requires demonstration of six of seventeen of the commercial surety evaluation elements

Category VI requires demonstration of six of seventeen of the commercial surety evaluation elements

Category standard applies if one of the seventeen of the commercial surety evaluation elements are met.

2. Base Rates

Compliance Bonds With 3rd Party Financial Responsibility, etc. Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat Std.
	40.0 - 60.0	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	80.0 - 120.0

**Class B – Compliance Bonds with Third Party Liability. Financial
Responsibility or other Exposure Factor
Where the Aggregate Surety Liability Between \$50,001 and \$100,000**

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of four of seventeen of the commercial surety evaluation elements

Category II requires demonstration of five of seventeen of the commercial surety evaluation elements

Category III requires demonstration of six of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of seven of seventeen of the commercial surety evaluation elements

Category V requires demonstration of eight of seventeen of the commercial surety evaluation elements

Category VI requires demonstration of six of seventeen of the commercial surety evaluation elements

Category standard applies if three of the seventeen of the commercial surety evaluation elements are met.

2. Base Rates

Compliance Bonds With 3rd Party Financial Responsibility, etc. Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat Std.
	40.0 - 60.0	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	80.0 - 120.0

**Class B – Compliance Bonds with Third Party Liability. Financial
Responsibility or Other Exposure Factor
Where the Aggregate Surety Liability over \$100,001**

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of six of seventeen of the commercial surety evaluation elements

Category II requires demonstration of seven of seventeen of the commercial surety evaluation elements

Category III requires demonstration of eight of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of nine of seventeen of the commercial surety evaluation elements

Category V requires demonstration of ten of seventeen of the commercial surety evaluation elements

Category VI requires demonstration of ten of seventeen of the commercial surety evaluation elements

Category standard applies if five of the seventeen of the commercial surety evaluation elements are met.

2. Base Rates

Compliance Bonds With 3rd Party Financial Responsibility, etc. Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat Std.
	40.0 - 60.0	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	80.0 - 120.0

Class C – Indemnity Bonds

Where the Aggregate Surety Liability is \$25,000 or less

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of one of seventeen of the commercial surety evaluation elements

Category II requires demonstration of two of seventeen of the commercial surety evaluation elements

Category III requires demonstration of three of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of four of seventeen of the commercial surety evaluation elements

Category V requires demonstration of five of seventeen of the commercial surety evaluation elements

Category VI requires demonstration of six of seventeen of the commercial surety evaluation elements

Category VII requires demonstration of six of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds

Category standard applies if none of the seventeen of the commercial surety evaluation elements are met.

2. Base Rates

Indemnity Bonds Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat VII	Cat Std.
	40.0 - 60.0	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	4.0 - 6.0	80.0 - 120.0

Class C – Indemnity Bonds
Where the Aggregate Surety Liability between \$25,001 and \$50,000

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of two of seventeen of the commercial surety evaluation elements

Category II requires demonstration of three of seventeen of the commercial surety evaluation elements

Category III requires demonstration of four of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of five of seventeen of the commercial surety evaluation elements

Category V requires demonstration of six of seventeen of the commercial surety evaluation elements

Category VI requires demonstration of seven of seventeen of the commercial surety evaluation elements

Category VII requires demonstration of seven of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds

Category standard applies if none of the seventeen of the commercial surety evaluation elements are met.

2. Base Rates

Indemnity Bonds Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat VII	Cat Std.
	40.0 - 60.0	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	4.0 - 6.0	80.0 - 120.0

Class C – Indemnity Bonds
Where the Aggregate Surety Liability between \$50,001 and \$100,000

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of four of seventeen of the commercial surety evaluation elements

Category II requires demonstration of five of seventeen of the commercial surety evaluation elements

Category III requires demonstration of six of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of seven of seventeen of the commercial surety evaluation elements

Category V requires demonstration of eight of seventeen of the commercial surety evaluation elements

Category VI requires demonstration of nine of seventeen of the commercial surety evaluation elements

Category VII requires demonstration of nine of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds

Category standard applies if three of the seventeen of the commercial surety evaluation elements are met.

2. Base Rates

Indemnity Bonds Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat VII	Cat Std.
	40.0 - 60.0	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	4.0 - 6.0	80.0 - 120.0

Class C – Indemnity Bonds

Where the Aggregate Surety Liability over \$100,001

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of six of seventeen of the commercial surety evaluation elements

Category II requires demonstration of seven of seventeen of the commercial surety evaluation elements

Category III requires demonstration of eight of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of nine of seventeen of the commercial surety evaluation elements

Category V requires demonstration of ten of seventeen of the commercial surety evaluation elements

Category VI requires demonstration of eleven of seventeen of the commercial surety evaluation elements

Category VII requires demonstration of eleven of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds

Category standard applies if five of the seventeen of the commercial surety evaluation elements are met.

2. Base Rates

Indemnity Bonds Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat VII	Cat Std.
	40.0 - 60.0	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	4.0 - 6.0	80.0 - 120.0

**Class D – Indemnity Bonds with 3rd Party Liability,
Forfeiture or Other Exposure Factor
Where the Aggregate Surety Liability is \$25,000 or Less**

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of two of seventeen of the commercial surety evaluation elements

Category II requires demonstration of three of seventeen of the commercial surety evaluation elements

Category III requires demonstration of four of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of five of seventeen of the commercial surety evaluation elements

Category V requires demonstration of six of seventeen of the commercial surety evaluation elements

Category VI requires demonstration of seven of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds with 3rd Party, Forfeiture or Other Exposure

Category VII requires demonstration of eight of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds with 3rd Party, Forfeiture or Other Exposure

Category standard applies if one of the seventeen of the commercial surety evaluation elements are met.

2. Base Rates

Compliance Bonds with 3rd Party Liability Forfeiture Provisions or Other Exposure Factor Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat VII	Cat Std.
	80.0 - 120.0	40.0 - 60.0	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	120.0 - 180.0

**Class D – Indemnity Bonds with 3rd Party Liability,
Forfeiture or Other Exposure Factor
Where the Aggregate Surety Liability between \$25,001 and \$50,000**

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of three of seventeen of the commercial surety evaluation elements

Category II requires demonstration of four of seventeen of the commercial surety evaluation elements

Category III requires demonstration of five of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of six of seventeen of the commercial surety evaluation elements

Category V requires demonstration of seven of seventeen of the commercial surety evaluation elements

Category VI requires demonstration of eight of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds with 3rd Party, Forfeiture or Other Exposure

Category VII requires demonstration of nine of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds with 3rd Party, Forfeiture or Other Exposure

Category standard applies if two of the seventeen of the commercial surety evaluation elements are met.

2. Base Rates

Compliance Bonds with 3rd Party Liability Forfeiture Provisions or Other Exposure Factor Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat VII	Cat Std.
	80.0 - 120.0	40.0 - 60.0	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	120.0 - 180.0

**Class D – Indemnity Bonds with 3rd Party Liability,
Forfeiture or Other Exposure Factor
Where the Aggregate Surety Liability between \$50,001 and \$100,000**

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of five of seventeen of the commercial surety evaluation elements

Category II requires demonstration of six of seventeen of the commercial surety evaluation elements

Category III requires demonstration of seven of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of eight of seventeen of the commercial surety evaluation elements

Category V requires demonstration of nine of seventeen of the commercial surety evaluation elements

Category VI requires demonstration of ten of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds with 3rd Party, Forfeiture or Other Exposure

Category VII requires demonstration of eleven of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds with 3rd Party, Forfeiture or Other Exposure

Category standard applies if four of the seventeen of the commercial surety evaluation elements are met.

2. Base Rates

Compliance Bonds with 3rd Party Liability Forfeiture Provisions or Other Exposure Factor Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat VII	Cat Std.
	80.0 - 120.0	40.0 - 60.0	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	120.0 - 180.0

**Class D – Indemnity Bonds with 3rd Party Liability,
Forfeiture or Other Exposure Factor
Where the Aggregate Surety Liability over \$100,001**

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of seven of seventeen of the commercial surety evaluation elements

Category II requires demonstration of eight of seventeen of the commercial surety evaluation elements

Category III requires demonstration of nine of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of ten of seventeen of the commercial surety evaluation elements

Category V requires demonstration of eleven of seventeen of the commercial surety evaluation elements

Category VI requires demonstration of twelve of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds with 3rd Party, Forfeiture or Other Exposure

Category VII requires demonstration of thirteen of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds with 3rd Party, Forfeiture or Other Exposure

Category standard applies if six of the seventeen of the commercial surety evaluation elements are met.

2. Base Rates

Compliance Bonds with 3rd Party Liability Forfeiture Provisions or Other Exposure Factor Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat VII	Cat Std.
	80.0 - 120.0	40.0 - 60.0	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	120.0 - 180.0

**Class E – Fiduciary Bonds
Where the Aggregate Surety Liability is \$25,000 or Less**

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of one of seventeen of the commercial surety evaluation elements

Category II requires demonstration of two of seventeen of the commercial surety evaluation elements

Category III requires demonstration of three of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of four of seventeen of the commercial surety evaluation elements

Category V requires demonstration of five of seventeen of the commercial surety evaluation elements

Category VI requires demonstration of six of seventeen of the commercial surety evaluation elements

Category VII requires demonstration of six of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds

Category standard applies if none of the seventeen of the commercial surety evaluation elements are met.

2. Base Rates

Fiduciary Bonds Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat VII	Cat Std.
	40.0 - 60.0	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	4.0 - 6.0	80.0 - 120.0

Class E – Fiduciary Bonds

Where the Aggregate Surety Liability between \$25,001 and \$50,000

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of two of seventeen of the commercial surety evaluation elements

Category II requires demonstration of three of seventeen of the commercial surety evaluation elements

Category III requires demonstration of four of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of five of seventeen of the commercial surety evaluation elements

Category V requires demonstration of six of seventeen of the commercial surety evaluation elements

Category VI requires demonstration of seven of seventeen of the commercial surety evaluation elements

Category VII requires demonstration of seven of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds

Category standard applies if one of the seventeen of the commercial surety evaluation elements are met.

2. Base Rates

Fiduciary Bonds Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat VII	Cat Std.
	40.0 - 60.0	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	4.0 - 6.0	80.0 - 120.0

Class E – Fiduciary Bonds

Where the Aggregate Surety Liability between \$50,001 and \$100,000

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of four of seventeen of the commercial surety evaluation elements

Category II requires demonstration of five of seventeen of the commercial surety evaluation elements

Category III requires demonstration of six of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of seven of seventeen of the commercial surety evaluation elements

Category V requires demonstration of eight of seventeen of the commercial surety evaluation elements

Category VI requires demonstration of nine of seventeen of the commercial surety evaluation elements

Category VII requires demonstration of nine of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds

Category standard applies if three of the seventeen of the commercial surety evaluation elements are met.

2. Base Rates

Fiduciary Bonds Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat VII	Cat Std.
	40.0 - 60.0	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	4.0 - 6.0	80.0 - 120.0

Class E -Fiduciary Bonds

Where the Aggregate Surety Liability over \$100,001

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of six of seventeen of the commercial surety evaluation elements

Category II requires demonstration of seven of seventeen of the commercial surety evaluation elements

Category III requires demonstration of eight of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of nine of seventeen of the commercial surety evaluation elements

Category V requires demonstration of ten of seventeen of the commercial surety evaluation elements

Category VI requires demonstration of eleven of seventeen of the commercial surety evaluation elements

Category VII requires demonstration of eleven of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds

Category standard applies if five of the seventeen of the commercial surety evaluation elements are met.

2. Base Rates

Fiduciary Bonds Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat VII	Cat Std.
	40.0 - 60.0	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	4.0 - 6.0	80.0 - 120.0

Class F – Court Bonds
Where the Aggregate Surety Liability is \$25,000 or Less

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of two of seventeen of the commercial surety evaluation elements

Category II requires demonstration of three of seventeen of the commercial surety evaluation elements

Category III requires demonstration of four of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of five of seventeen of the commercial surety evaluation elements

Category V requires demonstration of six of seventeen of the commercial surety evaluation elements

Category VI requires demonstration of seven of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds with 3rd Party, Forfeiture or Other Exposure

Category VII requires demonstration of eight of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds with 3rd Party, Forfeiture or Other Exposure

Category standard applies if one of the seventeen of the commercial surety evaluation elements is met.

2. Base Rates

Court Bonds Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat VII	Cat Std.
	80.0 - 120.0	40.0 - 60.0	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	120.0 - 180.0

Class F – Court Bonds
Where the Aggregate Surety Liability between \$25,001 and \$50,000

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of three of seventeen of the commercial surety evaluation elements

Category II requires demonstration of four of seventeen of the commercial surety evaluation elements

Category III requires demonstration of five of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of six of seventeen of the commercial surety evaluation elements

Category V requires demonstration of seven of seventeen of the commercial surety evaluation elements

Category VI requires demonstration of eight of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds with 3rd Party, Forfeiture or Other Exposure

Category VII requires demonstration of nine of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds with 3rd Party, Forfeiture or Other Exposure

Category standard applies if two of the seventeen of the commercial surety evaluation elements are met.

2. Base Rates

Court Bonds Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat VII	Cat Std.
	80.0 - 120.0	40.0 - 60.0	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	120.0 - 180.0

Class F – Court Bonds

Where the Aggregate Surety Liability between \$50,001 and \$100,000

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of five of seventeen of the commercial surety evaluation elements

Category II requires demonstration of six of seventeen of the commercial surety evaluation elements

Category III requires demonstration of seven of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of eight of seventeen of the commercial surety evaluation elements

Category V requires demonstration of nine of seventeen of the commercial surety evaluation elements

Category VI requires demonstration of ten of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds with 3rd Party, Forfeiture or Other Exposure

Category VII requires demonstration of eleven of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds with 3rd Party, Forfeiture or Other Exposure

Category standard applies if four of the seventeen of the commercial surety evaluation elements are met.

2. Base Rates

Court Bonds Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat VII	Cat Std.
	80.0 - 120.0	40.0 - 60.0	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	120.0 - 180.0

Class F – Court Bonds
Where the Aggregate Surety Liability over \$100,001

1. Rate Qualification Criteria

The compliance surety bond rate qualification criteria for each rate category are as follows:

Category I requires demonstration of seven of seventeen of the commercial surety evaluation elements

Category II requires demonstration of eight of seventeen of the commercial surety evaluation elements

Category III requires demonstration of nine of seventeen of the commercial surety evaluation elements

Category IV requires demonstration of ten of seventeen of the commercial surety evaluation elements

Category V requires demonstration of eleven of seventeen of the commercial surety evaluation elements

Category VI requires demonstration of twelve of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds with 3rd Party, Forfeiture or Other Exposure

Category VII requires demonstration of thirteen of seventeen of the commercial surety evaluation elements and a surety liability exposure comparable with compliance bonds with 3rd Party, Forfeiture or Other Exposure

Category standard applies if six of the seventeen of the commercial surety evaluation elements are met.

2. Base Rates

Court Bonds Rate per thousand based on bond penalty	Cat I	Cat II	Cat III	Cat IV	Cat V	Cat VI	Cat VII	Cat Std.
	80.0 - 120.0	40.0 - 60.0	24.0 - 36.0	20.0 - 30.0	16.0 - 24.0	12.0 - 18.0	8.0 - 12.0	120.0 - 180.0

III. FINANCIAL RESPONSIBILITY RULE FOR ALL SURETY BONDS

A. Eligibility

Any Surety risk that is covered under a Bond (or Policy), the company manual premiums for which the Manual of Rules, Procedures and Classifications is applicable shall be eligible for and shall be rated by the application of this Plan.

B. Rating Procedure

To reflect such characteristics of the risk as are not reflected in its past loss experience the risk modification applicable to the company manual premium for the risk may reflect a modification in accordance with the, following Underwriting Table, subject to a maximum additional change equal to 25% percentage points.

C. Risk Characteristics

	Maximum Credit	Maximum Debit
1. Management, Experience or Qualifications of Principal	20	20
2. Risk Analysis	20	20
3. Audits, Internal Checks and Controls; Custody of Property; Waivers; Subordination Agreements; Underlying Insurance; Adequacy of Security	10	10
4. Financial Stability	10	10

State:	District of Columbia	Filing Company:	Clear Blue Insurance Company
TOI/Sub-TOI:	24.0 Surety/24.0000 Surety		
Product Name:	Contract and Commercial Surety Program		
Project Name/Number:	New Program/CLBIC-SU-DC-1601R		

Supporting Document Schedules

Satisfied - Item:	Consulting Authorization
Comments:	
Attachment(s):	LOA.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Actuarial Certification (P&C)
Bypass Reason:	N/A - New program
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
Bypass Reason:	N/A - New program
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Bypass Reason:	N/A - New program
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Filing Memorandum and Exhibits
Comments:	
Attachment(s):	CBIC - Surety Program Filing Memo - Ranged.pdf CBIC ROE - Surety (CW).pdf
Item Status:	
Status Date:	



CLEAR BLUE FINANCIAL HOLDINGS, LLC

B7 Tabonuco St.
Santander Tower Suite 912
Guaynabo, PR 00968

María de L. Rodríguez-Berríos
Chief Compliance Officer

August 3, 2016

Re: Clear Blue Insurance Company; NAIC Number: 28860; FEIN Number 76-0227154

To Whom It May Concern:

Perr&Knight is hereby authorized to submit rate, rule, and form filings on behalf of **Clear Blue Insurance Company**. This authorization includes providing additional information and responding to questions regarding the filings on our behalf as necessary.

Please direct all correspondences and inquiries related to this filing to Perr&Knight at the following address:

State Filings Department
Perr&Knight
401 Wilshire Blvd, Suite 300
Santa Monica, CA 90401
Phone: (310) 230-9339
Fax: (310) 230-1061

Please contact me if you have any questions regarding this authorization.

Sincerely,

María de L. Rodríguez
Chief Compliance Officer, VP
Tel. (787) 339-2002
Fax (787) 339-2050
Email: compliance@cbinsgroup.com

Clear Blue Insurance Company
Contract and Commercial Surety Program

New Program – Rates / Rules
Filing Memorandum

On behalf of Clear Blue Insurance Company (“The Company”), we are submitting this filing to introduce its new Contract and Commercial Surety Program filed under the Surety line of business.

The Contract and Commercial Surety Rating Plan will provide coverage for two broad categories of bonds – contractors, sub-contractors and construction contract bonds and commercial surety bonds. This rating plan considers an account’s overall credit risk, the experience and financial strength of the risk, the account’s reinsurance structure and costs, scope of operations, the principal’s underlying bond obligations, and other risk criteria to generate tailored, fair rates.

The rates and rules for the Contract and Commercial Surety Rating Plan are a “me-too” of Philadelphia Indemnity Insurance Company’s (“PIIC”) nationwide Contract and Commercial Surety Rating Plan with any material differences noted below. This program’s Contract and Commercial surety rates are independent of the Surety and Fidelity Association of America (“SFAA”). The following are the only material deviations from PIIC’s program:

- Added a symmetric range around the contract surety bond rates
- Added a symmetric range around the commercial surety bond rates

All other deviations from this competitor are not considered material.

Though the surety rating plan is a copy of an independent Surety program, the Company still wishes to have available all of the SFAA current applicable rules (definitions, statistical classification codes / descriptions, risk classifications, etc.) for its Contract and Commercial surety program.

The Company’s surety forms to be used for the program are promulgated by statute or by obligee and not by the Company meaning the Company will have no independent forms for this New Program.

This filing includes the Contract and Commercial surety manual and any relevant state exception pages used for the program.

Rate of Return

Exhibit R1 shows the derivation of the total after tax rate of return on statutory surplus based on the selected budgeted expense provisions for this program. Exhibit R2.1 shows the derivation of the after tax investment income on policyholder supplied funds. Exhibit R2.2 shows the derivation of the reserves to incurred ratio. Exhibit R2.3 shows the projected after tax total rate of return. Exhibit R3 shows the derivation of the selected premium to surplus ratio. Exhibit R4 shows the derivation of the target after tax rate of return on statutory surplus. Exhibit R5 shows the derivation of the selected expense provisions.

Exhibit R1
Clear Blue Insurance Company
Contract & Commercial Surety

Projected After-Tax Rate of Return

Operating Return

(1)	Earned Premium	100.0%
(2)	Expected Loss & Loss Adjustment Expenses (Exhibit R5)	46.7%
(3)	Commission & Brokerage Fees (Exhibit R5)	24.5%
(4)	General & Other Acquisition Expenses (Exhibit R5)	20.7%
(5)	Taxes, Licenses & Fees (Exhibit R5)	3.1%
(6)	Underwriting Profit Before Federal Income Tax = (1) - (2) - (3) - (4) - (5)	5.0%
(7)	Federal Income Tax on Underwriting Profit = (6) x 35%	1.8%
(8)	Underwriting Profit After Federal Income Tax = (6) - (7)	3.3%
(9)	After-Tax Inv. Income on Policyholder Supplied Funds (Exhibit R2.1)	3.4%
(10)	After-Tax Return from Insurance Operations = (8) + (9)	6.7%

Total Rate of Return

(11)	Premium to Surplus Ratio (Exhibit R3)	0.74
(12)	After-Tax Investment Income on Surplus (Exhibit R2.3)	3.3%
(13)	Total After-Tax Rate of Return on Statutory Surplus = (10) x (11) + (12)	8.3%

Exhibit R2.1
Clear Blue Insurance Company
Contract & Commercial Surety

Estimated Investment Earnings on Policyholder Supplied Funds
(\$000)

(A)	Projected Earned Premium for New Program	5,000
(B)	Unearned Premium Reserve	
(1)	Average Unearned Premium Reserve	2,500
(2)	Percentage Pre-Paid Expense	38.0%
(a)	Commission & Brokerage Fees (Exhibit R5)	24.5%
(b)	50% of General & Other Acq. Expenses (Exhibit R5)	10.4%
(c)	Taxes, Licenses & Fees (Exhibit R5)	3.1%
(3)	Deduction for Federal Income Taxes Payable	7.0%
(4)	Total Prepaid Expense = (B).(1) x [(B).(2) + (B).(3)]	1,124
(5)	Portion Subject to Investment Income = (B).(1) - (B).(4)	1,376
(C)	Delayed Remission of Premiums	
(1)	Average Agents' Balance as % of Premium	75.9%
(2)	Total Delayed Remission = (A) x (C).(1)	3,795
(D)	Loss & LAE Reserve	
(1)	Expected Loss & LAE Ratio (Exhibit R5)	46.7%
(2)	Expected Losses & LAE = (A) x (D).(1)	2,335
(3)	Reserve to Incurred Ratio	321.7%
(4)	Expected Loss & LAE Reserves = (D).(2) x (D).(3)	7,511
(E)	Policyholder Funds Subject to Investment Income = (B).(5) - (C).(2) + (D).(4)	5,092
(F)	2014 After Tax Rate of Return	3.3%
(G)	Investment Earnings on Policyholder Supplied Funds = (E) x (F)	170
(H)	After-Tax Investment Income on Policyholder Supplied Funds = (G) / (A)	3.4%

Exhibit R2.2
Clear Blue Insurance Company
Contract & Commercial Surety

Source Notes for Exhibit R2.1
(\$000)

Line

(A)	Projected Earned Premium for New Program	5,000
(B).(1)	Selected Average Unearned Premium Reserve = 50.0% of (A)	2,500
(B).(3)	The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. At a corporate rate of 35%, this tax equals 7% (=20% x 35%).	
(C).(1)	Selected Agents' Balances = (3)	75.9%
(1)	Calendar Year 2014 Agents' Balances 2014 Industry IEE, Part III, Column 22, Line(s) 24	131.4%
(2)	Calendar Year 2013 Agents' Balances 2013 Industry IEE, Part III, Column 22, Line(s) 24	20.5%
(3)	Indicated Agents' Balances = [(1) + (2)] / 2	75.9%
(D).(3)	Selected Reserve to Incurred Ratio = (5)	321.7%
(1)	Calendar Year 2014 Unpaid Loss & LAE 2014 Industry IEE, Part III, Columns 13, 15, 17, Line(s) 24	2,922,597
(2)	Calendar Year 2013 Unpaid Loss & LAE 2013 Industry IEE, Part III, Columns 13, 15, 17, Line(s) 24	3,546,672
(3)	Average Unpaid Loss & LAE = [(1) + (2)] / 2	3,234,635
(4)	Calendar Year 2014 Incurred Loss & LAE 2014 Industry IEE, Part III, Columns 7, 9, 11, Line(s) 24	1,005,610
(5)	Indicated Reserve to Incurred Ratio = (3) / (4)	321.7%

Exhibit R2.3
Clear Blue Insurance Company
Contract & Commercial Surety

Source Notes for Exhibit R2.1 (Continued)
(\$000)

Line (F)

	(1)	(2)	(3)	(4)
			= 100% - (2)	= (1) x (3)
	2014			2014
Investment Category	Inv. Income Earned	Tax Rate	After-Tax Portion	After-Tax Inv. Income
Taxable Bonds	22,436,605	35.00%	65.00%	14,583,793
Non-Taxable Bonds	10,808,261	5.25%	94.75%	10,240,827
Preferred Stocks	817,812	35.00%	65.00%	531,578
Common Stocks	6,122,031	35.00%	65.00%	3,979,320
Common Stocks in Affiliates	8,385,303	14.18%	85.83%	7,196,686
Cash	119,258	35.00%	65.00%	77,517
All Other Investments	10,796,514	35.00%	65.00%	7,017,734
(5) Total	59,485,785			43,627,457
2014 Industry Annual Statement, Page 12 - Exhibit of Net Investment Income, Lines 1 to 10, Column 2				
(6) Total Investment Expense	4,622,616	35.00%	65.00%	3,004,700
2014 Industry Annual Statement, Page 12 - Exhibit of Net Investment Income, Line 16				
(7) Net Inv. Income Earned = (5) - (6)	54,863,170			40,622,757
(8) Invested Assets as of 12/31/2014				1,559,996,688
2014 Industry Annual Statement, Page 2, Line 12, Column 3				
(9) Invested Assets as of 12/31/2013				1,509,919,848
2014 Industry Annual Statement, Page 2, Line 12, Column 4				
(10) Average Invested Assets = [(8) + (9)] / 2				1,534,958,268
(11) After-Tax Rate of Return on Invested Assets = (7) / (10)				2.6%

	(12)	(13)	(14)	(15)
			= [(12) + (13)] / 2	
Calendar Year	Beginning Invested Assets	Ending Invested Assets	Average Invested Assets	Net Realized Capital Gains
2012	1,326,431,310	1,383,420,636	1,354,925,973	11,425,948
2013	1,378,229,100	1,474,115,161	1,426,172,130	19,490,191
2014	1,509,919,848	1,559,996,688	1,534,958,268	15,290,321
Total	4,214,580,258	4,417,532,485	4,316,056,371	46,206,460

(16) Net Realized Capital Gains Ratio = (15) / (14)	1.1%
(17) Tax Rate on Capital Gains	35.0%
(18) After-Tax Realized Capital Gains = (16) x [100% - (17)]	0.7%
(19) Indicated After-Tax Total Rate of Return = (11) + (18)	3.3%
(20) Selected After-Tax Total Rate of Return	3.3%

Notes:

(12) from 2014, 2013, 2012 Industry Annual Statements, Page 2, Line 12 (10 in 2013 and 2012) , Column 4
(13) from 2014, 2013, 2012 Industry Annual Statements, Page 2, Line 12 (10 in 2013 and 2012) , Column 3
(15) from 2014, 2013, 2012 Industry Annual Statements, Page 12 - Exhibit of Capital Gains (Losses), Line 10, Column 3

Exhibit R3
Clear Blue Insurance Company
Contract & Commercial Surety

Premium to Surplus Ratio
(\$000)

(1)	Calendar Year 2014 Beginning Surplus As Regards Policyholders 2014 Industry Annual Statement, Page 3, Line 37, Column 2	697,820,179
(2)	Calendar Year 2014 Ending Surplus As Regards Policyholders 2014 Industry Annual Statement, Page 3, Line 37, Column 1	722,088,334
(3)	Calendar Year 2014 Average Surplus Level = [(1) + (2)] / 2	709,954,257
(4)	Calendar Year 2014 Net Written Premiums 2014 Industry IEE, Part II, Line 35, Column 1	502,115,207
(5)	2014 Net Premium to Surplus Ratio = (4) / (3)	0.71
(6)	Calendar Year 2013 Beginning Surplus As Regards Policyholders 2013 Industry Annual Statement, Page 3, Line 35, Column 2	592,966,979
(7)	Calendar Year 2013 Ending Surplus As Regards Policyholders 2013 Industry Annual Statement, Page 3, Line 35, Column 1	664,241,017
(8)	Calendar Year 2013 Average Surplus Level = [(6) + (7)] / 2	628,603,998
(9)	Calendar Year 2013 Net Written Premiums 2013 Industry IEE, Part II, Line 35, Column 1	481,352,947
(10)	2013 Net Premium to Surplus Ratio = (9) / (8)	0.77
(11)	Average Net Premium to Surplus Ratio = [(5) + (10)] / 2	0.74
(12)	Selected Premium to Surplus Ratio	0.74

Exhibit R4
Clear Blue Insurance Company
Contract & Commercial Surety

Derivation of After-Tax Target Rate of Return of Statutory Surplus
(\$000)

<u>After Tax Rate of Return on Net Worth</u>			
	(1) Property/ Casualty Insurance	(2) All Industry Total	(3) [(1) + (2)] / 2 Average
Year			
2004	8.0%	13.9%	11.0%
2005	8.3%	14.9%	11.6%
2006	12.2%	15.4%	13.8%
2007	9.7%	15.2%	12.5%
2008	2.2%	13.1%	7.7%
2009	5.7%	10.5%	8.1%
2010	6.0%	12.7%	9.4%
2011	3.4%	14.3%	8.9%
2012	5.2%	13.4%	9.3%
2013	8.0%	16.6%	12.3%
2004 - 2013	6.9%	14.0%	10.4%
10 Yr x-HILO	6.8%	14.1%	10.4%

(4)	Selected After-Tax Return on GAAP Equity	10.4%
(5)	Calendar Year 2014 Industry Ending Surplus As Regards Policyholders 2014 Industry Annual Statement, Page 3, Line 37, Column 1	722,088,334
(6)	Calendar Year 2014 Industry Net Unearned Premium Reserve 2014 Industry IEE, Part II, Line 35, Column 19	229,207,620
(7)	Calendar Year 2014 Industry Net Commissions 2014 Industry IEE, Part II, Line 35, Column 23	52,172,216
(8)	Calendar Year 2014 Industry Net Other Acquisition Expenses 2014 Industry IEE, Part II, Line 35, Column 27	39,394,636
(9)	Calendar Year 2014 Industry Net Written Premium 2014 Industry IEE, Part II, Line 35, Column 1	502,115,207
(10)	Industry Acq. Expenses as a % of Net Earned Premium = [(7) + (8)] / (9)	18.2%
(11)	GAAP Equity in Unearned Premium Reserve = (6) x (10)	41,798,814
(12)	Calendar Year 2014 Industry GAAP Equity = (5) + (11)	763,887,148
(13)	GAAP to Statutory Adjustment Factor = (12) / (5)	1.06
(14)	Target After-Tax Return on Statutory Surplus = (4) x (13)	11.0%

Notes:

(1), (2) from 2013 NAIC Profitability Analysis.

Exhibit R5
Clear Blue Insurance Company
Contract & Commercial Surety

Projected Expense Ratios
(\$000)

	2012		2013		2014		3 Year Total/Average			Selected
	\$	%	\$	%	\$	%	\$	Avg %	W Avg %	%
(1) Premiums Written	5,041,295		5,252,196		5,497,924		15,791,415			
(2) Premiums Earned	5,138,271		5,182,990		5,313,260		15,634,521			
(3) Commission	1,231,056	24.4%	1,272,823	24.2%	1,368,888	24.9%	3,872,767	24.5%	24.5%	24.5%
(4) Other Acquisition	534,252	10.4%	538,103	10.4%	597,630	11.2%	1,669,985	10.7%	10.7%	10.7%
(5) General Expenses	485,261	9.4%	498,668	9.6%	572,212	10.8%	1,556,141	9.9%	10.0%	10.0%
(6) Taxes, Licenses, Fees	155,320	3.1%	162,633	3.1%	166,699	3.0%	484,652	3.1%	3.1%	3.1%
(7) Total Expenses = (3) + (4) + (5) + (6)		47.3%		47.3%		49.9%		48.2%	48.2%	48.3%
(8) Profit Load										5.0%
(9) Total Expenses & Profit = (7) + (8)										53.3%
(10) Permissible Loss & LAE Ratio = 100% - (9)										46.7%

Notes:

- (1) from Industry 2014, 2013, 2012 IEEs, Part III, Column 1, Line(s) 24.
- (2) from Industry 2014, 2013, 2012 IEEs, Part III, Column 3, Line(s) 24.
- (3) from Industry 2014, 2013, 2012 IEEs, Part III, Column 23, Line(s) 24.
- (4) from Industry 2014, 2013, 2012 IEEs, Part III, Column 27, Line(s) 24.
- (5) from Industry 2014, 2013, 2012 IEEs, Part III, Column 29, Line(s) 24.
- (6) from Industry 2014, 2013, 2012 IEEs, Part III, Column 25, Line(s) 24.
- (3) and (6) shown as a percent of (1).
- (4) and (5) shown as a percent of (2).